

Structured Finance Workstation Wins Credit Magazine Award



Credit Magazine recognized Moody's Analytics for an integrated approach to RMBS cash flow analytics in the November 2009 issue. The Technology Innovation award highlights the unique capabilities of Structured Finance Workstation, a comprehensive analytic platform for structured securities. In addition to loan level data and a powerful engine, Structured Finance Workstation offers investors integrated macroeconomic forecasts and credit risk models. This innovative solution enables investors to focus on analysis, not data gathering and integration.

The Challenge:

A proper assessment of RMBS transactions requires not only an analysis of the structure, but also an analysis of the collateral and macroeconomic factors that affect cashflows on both the bonds and the underlying collateral. However, constrained by resource and technical limitations, investors have struggled to move from simplistic models with deal-level assumptions for default, prepayment and loss severity rates to a discerning loan-level analysis that captures the interaction between economic forecasts, collateral quality and RMBS bond performance.

The Solution:

In February 2009, Moody's Analytics integrated macroeconomic forecasts and loan-level RMBS credit risk monitoring into its cashflow analytics platform. Five alternative macroeconomic forecasts are fed directly into a loan-level mortgage credit model to generate prepayment, default and severity vectors based on individual loan characteristics. These vectors and loan-level performance data run through a waterfall engine to generate cash flows and valuations for the entire capital structure or a single tranche.

Investors can access this integrated offering directly through Structured Finance Workstation, or through the valuation and custom analysis services offered by Moody's Analytics.

The Difference:

Now RMBS investors can readily generate cashflows and valuations based on loan-level analysis under a variety of economic scenarios. Previously this type of rigorous analysis required an investment in time and resources that was well beyond reach for many investors. Furthermore, since Moody's Analytics is responsible for every aspect of this solution, the analytics can be customized to an investor's specifications.

Moody's Analytics offering is the only fully proprietary, self-contained and integrated solution available in the RMBS marketplace. Investors gain efficiency and ease of use from this integration, plus the peace of mind of knowing that all of components of the solution are created, integrated and maintained by a single provider.